CED Public Policy Watch

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1. UNEMPLOYMENT CLAIMS CONTINUED TO FALL BUT WILL REMAIN ELEVATED UNTIL ALL FEDERAL PROGRAMS EXPIRE

New weekly unemployment insurance (UI) claims for the week ending August 14 declined for the fourth consecutive week, falling below 350,000 for the first time since the beginning of the pandemic. The headline seasonally adjusted number fell by 29,000 to 348,000 (and was revised marginally higher for the previous week). New jobless claims are inching toward prepandemic levels, which averaged 217,000 in the year before COVID-19 hit. The four-week moving average also fell, reversing an upward trend over the previous four weeks.

Unadjusted initial claims for Pandemic Unemployment Assistance (PUA) for self-employed and gig workers increased for the third consecutive week even though 26 states have ended these benefits. Because many states require claimants to apply and be denied for regular state benefits before they can apply for PUA, initial jobless claims for regular state UI may remain artificially elevated until all federal programs expire on September 6th.

Overall, the total number of individuals receiving benefits under all state and federal programs fell to a new low (11.7 million). Nearly three-quarters of all jobless beneficiaries continue to receive benefits under pandemic-related federal programs.

2. FEDERAL RESERVE CONSIDERS TAPERING ASSET PURCHASES LATER THIS YEAR

At its July meeting, the Federal Open Market Committee of the Federal Reserve discussed when it would begin to “taper” down its purchases of long-term Treasury and mortgage securities, in the first step of reducing its support of the economy after the crush of the pandemic. The language of the meeting minutes suggests a range of opinion as to the appropriate timing of the initial taper, extending from this year into early next year, with all views contingent upon the behavior of the labor market and the economy generally.
3. PANDEMIC NEWS

The optimistic view of the current wave of the pandemic is that it will burn itself out at some point in the not-too-distant future. (See below.) Clearly, however, that has not happened yet.

Nationally, confirmed infections continue to increase at a troubling pace. The seven-day moving average of new cases has increased day by day for a full month, and now stands at more than 128,000. The peak for that series was not quite twice the current level (254,107, on January 10 of this year); however, when you consider that almost 200 million Americans have received at least one vaccination shot, it is clear that the virus is preying mercilessly on the unvaccinated population (plus beginning to inflict increasingly numerous breakthrough infections on the more vulnerable among the vaccinated).

But then, of course, the national infection total is an average; and as we have all learned far too well, the coronavirus cares not a whit about political boundaries (or even oceans). So to highlight the Coronavirus Capital of the United States, Florida: There it’s almost vice versa, with the current seven-day moving-average case count, at 21,786, being the all-time record, at almost half again as much as the previous peak of 15,691, on that same January 10 date.

The impact of the pandemic on health care broadly comes in hospitalizations, which is where our health care providers are stretched thin and worn out (in that order). Coronavirus care suffers, and all care suffers. The national burden of hospitalizations, like the national case count, is rising, but is only about 60 percent of the all-pandemic peak of January 11.
And yet again, the national hospitalization rate is an average; and again turning to Florida, we find an enormous hospitalization load, with a seven-day moving average of 15,111, which is about twice what it was in January. The crush of serious cases in a few states such as Florida is the reason why one in five of all US hospitals is at **95 percent or more** of intensive care unit (ICU) capacity.

So yes, that is the worst element in the average, and so yes, everywhere else is better (proportionally). But before you take too much comfort, here is the picture from Massachusetts, which is the most thoroughly vaccinated state in the Union:
The picture in Massachusetts is far less worrisome than that in Florida, with the current hospital load less than one-sixth that of the winter peak. However, hospitalizations are clearly rising, even in Massachusetts. A greater share of the population may be vaccinated, but just to state the obvious, it is not possible for a segment of the population to achieve herd immunity (without hermetically sealed residential bubbles). So the unvaccinated in Massachusetts are sharing their own wave (and unfortunately potentially passing it on to the vulnerable vaccinated in Massachusetts, and around the entire world). And for that matter, even Florida’s new wave of infections is itself a reflection of the fallacy of averages. Florida’s overall vaccination rate is not that far below the national average. However, it is likely that Florida’s oversized population of seniors is heavily vaccinated (nationally, almost 81 percent of all seniors are fully vaccinated, and almost 91 percent have received at least one injection), and that the younger population of the state is frightfully undervaccinated, which would yield the mediocre average vaccination rate for the state as a whole.

Thankfully, the number of COVID deaths remains low—at least nationally. This is for several reasons, including the progress in treatment by our health care providers, the share of the population that is protected by vaccination, and the concentration of that protection on the most vulnerable populations.
However, once again, averages can be deceiving; and once again, parts of the country are suffering disproportionately. Not to beat up on Florida, but facts are facts (noting that the drop over the last few days is almost certainly the result of the vagaries of data reporting, rather than protection by the hand of God):
There is no longer any doubt that the villain in this dismal entertainment is the Delta variant—at least until something even worse comes along. Delta and its minor variations now surely account for virtually every new infection in the United States.

The American Academy of Pediatrics and the Children’s Hospital Association will update their counts of infections and deaths very shortly. However, as of the time of this report, more than 4.4 million children (defined differently in different states) have contracted the virus, comprising 14.4 percent of all cases; no more than 0.25 percent of total deaths thus far have been among children. There has been enormous conflict, extending from local meeting halls to state capitols and courts—and even the White House, over public elementary school mask mandates. And even if the children are allowed to go to school, masked or not, their parents may need to drive them—because school systems are having a very difficult time hiring bus drivers.

The stress of the continuing pandemic, with intervals of sunshine repeatedly and inevitably doused by rain, is apparently getting to more and more people. As one example, a poll has found that almost one-third of workers under age 40 have considered changing careers.

4. VACCINATION UPDATE

The United States is making painfully slow progress on vaccinations. The seven-day moving average of the daily number of injections has risen essentially continuously from July 8 through August 15 (with lags in reporting making later numbers incomplete). That has not been sufficient to move the overall levels anywhere near to the national average that would be required for herd immunity; and as discussed
above, the county minimum is probably much more representative of the target we need to hit than is the national average.
And so, no surprise, the map of vaccination coverage by county continues to show a regional concentration of vaccination, and a negative space of regional failure to vaccinate.

And the result of that plus the Delta variant, which is eagerly infecting every unvaccinated or vulnerable person it can find, is that level of “community transmission” around the country is pitifully high. The
map below makes clear that if someone should say that your community’s level of transmission is “substantial,” you should take it as a compliment (at least in relative terms):

The biggest development on the vaccine front this week has been the apparent resolution of the debate over “booster shots” in the United States. Starting on September 20, and pending approval by the FDA, individuals will become eligible for third injections of the Pfizer or Moderna vaccines. The order of eligibility appears to follow the order in which people became eligible for the first injection (starting with health care workers, moving on to the elderly, and so on). The target time interval from the earlier injections is about eight months.

Although the science is not totally locked down (this is a novel coronavirus, after all), the dispositive evidence appears to have been that levels of antibodies have been observed to decline, and that there is some indication of reduced protection—although the latter may be due to an erosion of protection from the vaccine, bad acting on the part of the Delta variant, or some combination of the two. The language from the White House suggests a desire to be ahead of a curve of uncertain and unpredictable shape.

And as has been the case throughout this debate, the World Health Organization has discouraged the provision of third doses in wealthy countries while poor countries have been unable to vaccinate their populations at all. The US administration has been at pains to acknowledge the importance of
worldwide vaccination for US public health, and to highlight its efforts to make vaccines available globally.

With the US program restricted to the Pfizer and Moderna vaccines, those inoculated with the Johnson & Johnson vaccine are left in limbo. The reasons for that unsatisfying state are regrettable but understandable. Much of the data used to reach this conclusion have come from Israel, because of that nation’s early and effective vaccination program, and its complete and specific records from its centralized health care system. Israel used only the Pfizer vaccine, and so its data are helpful only with respect to the mRNA technology (also used by Moderna). Beyond that, there are simply fewer people inoculated with the J&J vaccine: fewer than one-tenth as many as either Pfizer or Moderna. There is enormous pressure on the nation’s health care institutions to resolve the J&J question, for obvious reasons.

5. SPOTLIGHT ON REOPENING: FOOTBALL, DELTA, AND THE UNITED KINGDOM

The UK lifted almost all coronavirus restrictions in mid-June; and just then, the highly transmissible Delta variant sent infection rates skyrocketing. From that time through mid-July, daily confirmed cases increased from around 2,000 a day to more than 50,000. In late July, cases fell sharply; they are on the rise again as of early August. Still, scientists are perplexed by the drastic July decline in cases despite the
lack of government-mandated restrictions, and have come up with a number of hypotheses to try to explain the public health anomaly.

The first has to do with soccer. Both Scotland and England’s declines in cases followed the countries’ respective exits from the Euro 2020 soccer tournament. Over the course of the tournament, from June 11, 2021 to July 11, 2021, men were 30 percent more likely than women to test positive, according to research by Imperial College London. It was mostly male fans who packed into trains and buses to travel to crammed stadiums and pubs to watch the matches. Experts also point to a heatwave, claiming the heat and sunshine helped kill the virus and slow its spread. Others point to schools being closed for the summer. It is also conceivable that confirmed cases declined because people wanting to take summer travel had stopped getting tested (if they were to test positive, they would be asked to quarantine for ten days). It is also possible that the UK has reached an immunity threshold. Approximately 60 percent of the population is fully vaccinated, and among those who are unvaccinated, many have had COVID-19 and have at least partial immunity.
Public health experts are pondering whether the US will experience a quick drop in its Delta-induced spike in infections, similar to that in the UK. If the US were to follow the UK’s course, the Delta surge, which began about a month ago, would peak by the beginning of September. Others are saying this is wishful thinking, pointing to the US’s lower rate of vaccination. Former CDC Director Tom Frieden, president of the nonprofit Resolve to Save Lives, cautioned in a tweet that the number of unvaccinated Americans could make the US surge “much deadlier” than the UK’s. There is good news: More Americans are crossing over and getting first doses. In Arkansas, which is seeing the third-worst outbreak in the country based on daily new cases per capita, vaccinations have nearly tripled. On July 1, the state was administering a seven-day average of 2,893 first doses in arms. By August 4, that number went up to a seven-day average of 8,585 first doses administered per day.

Halfway around the world, New Zealand entered a lockdown on Tuesday night after one confirmed COVID-19 case, the country’s first in six months. The case was detected in Auckland, which will be in lockdown for a week, while the rest of the country will be in lockdown for three days. Coromandel, the coastal town where the infected person had visited, will be in lockdown for seven days. The strict zero-tolerance policies of “COVID Zero” countries such as New Zealand, Australia, Hong Kong, and Singapore would very likely never be accepted in more libertarian societies such as the US and UK, especially as people get used to the return to a pre-COVID, government-mandate-free society. However, in terms of public health, New Zealand clearly gets what it pays for.